

Message Text

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ACTION EA-07

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FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 1119

C O N F I D E N T I A L VIENTIANE 7741

E.O. 11652: GDS

TAGS: EAID, ECON, LA

SUBJECT: COMMUNIST AID

SUMMARY: SECRETARY OF STATE FOR PLAN AND NATIONAL ECONOMY, SOMPHOU OUDOMVILAY, ASKED USAID DIR TO DISCUSS OPERATIONAL LOGISTICAL AND FINANCIAL POLICY QUESTIONS RESULTING FROM JYWFJB#PGNU MIGHT RECEIVE FROM SOCIALIST COUNTRIES SPECIFICALLY AID ALREADY AGREED UPON FROM NORTH VIETNAM. END SUMMARY.

1. SECSTATE FOR PLAN/NATIONAL ECONOMY, DR. SOMPHOU, REQUESTED USAID DIR TO CALL ON HIM OCTOBER 9, 1974. THE SECSTATE EXPRESSED HIS THANKS FOR AMERICAN EXPERTS WORKING WITH MINISTRY OF PLAN PERSONNEL TO ASSESS WAREHOUSE CAPABILITIES IN VIENTIANE TO RECEIVE AID FROM FRIENDLY SOCIALIST COUNTRIES. USAID DIR ALSO GAVE DR. SOMPHOU A LIST OF COMMERCIAL WAREHOUSES IN VIENTIANE.

2. WHEN USAID DIR ASKED SOMPHOU ABOUT MINISTER OF PLAN AND NATIONAL ECONOMY SOTH PHETRASY'S ON-GOING TRIPS TO ALGIERS, PEKING AND PYONGYANG, SOMPHOU STATED THAT THE VISIT TO ALGIERS WENT OFF VERY BADLY AND THAT HE HAD NO KNOWLEDGE WHETHER OR NOT THE PRC AND
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NORTH KOREA HAD AGREED TO FURNISH AID TO THE PGNU.

3. SOMPHOU ADVISED THAT THE ONLY FIRM AID GRANT PGNU HAS RECEIVED SO FAR IS FROM NORTH VIETNAM AMOUNTING TO 11,000 METRIC TONS OF COMMODITIES. THE NORTH VIETNAMESE HAVE GUARANTEED THE PGNU TRANSPORTATION OF THESE COMMODITIES BY NORTH VIETNAMESE TRUCK TO SALAPHOUKHOUN; THE TERMINAL POINT WHERE ROUTE 7 MEETS ROUTE 13 BETWEEN VIENTIANE AND LUANG PRABANG. SOMPHOU FURTHER STATED THAT NORTH VIETNAM HAD GUARANTEED THE PGNU ANNUAL THROUGH-PUT OF 50,000 METRIC TONS OF CARGO THROUGH THE PORTS OF HAIPHONG AND VINH AND HAD ALSO AGREED TO MAKE AVAILABLE REQUIRED TRANSPORTATION FROM NORTH VIETNAMESE TRUCK PARKS. WHEN USAID DIR ASKED WHETHER THE NORTH VIETNAMESE SIMILAR TO THEIR OWN AID WOULD PAY FOR OTHER AID TRANSPORTATION FROM THEIR PORTS TO SALAPHOUKHOUN, SOMPHOU REPLIED AGREEMENTS WITH NORTH VIETNAM ARE NOT CLEAR ON THIS POINT AND THIS PROBLEM HAS STILL TO BE NEGOTIATED.

4. SOMPHOU DISCUSSED IN A GENERAL MANNER, THE DIFFICULTIES THE PGNU MIGHT HAVE WITH RECEIVING, STORING, DISTRIBUTING AND MANAGING AID RECEIVED FROM SOCIALIST COUNTRIES SPECIFICALLY NORTH VIETNAMESE AID WHICH IS EXPECTED TO ARRIVE END NOVEMBER AND ASKED WHETHER USAID EXPERTS COULD PROVIDE TECHNICAL ASSISTANCE AND COMMODITY AID TO THE MINISTRY OF PLAN/NATIONAL ECONOMY. USAID DIR REPLIED AMERICAN EXPERTS ARE AT THE DISPOSAL OF THE PGNU AND THEY WERE AVAILABLE TO THE MINISTRY OF PLAN IF IT SO DESIRES. SOMPHOU SUGGESTED THAT UPON THE RETURN OF THE COMMISSIONER OF PLAN, A MEETING WOULD BE HELD WHERE THESE PROBLEMS WILL BE DISCUSSED.

5. WHEN USAID DIR ASKED HOW AID FROM SOCIALIST COUNTRIES, IN GENERAL, AND FROM NORTH VIETNAM, IN PARTICULAR, WOULD BE DISTRIBUTED, SOMPHOU REMARKED IT IS AS YET NOT CLEAR HOW THE 11,000 METRIC TONS OF NORTH VIETNAMESE AID WILL BE DISTRIBUTED. IT IS HIS UNDERSTANDING, HOWEVER, AT LEAST TWO-THIRDS OF THESE 11,000 MT OF COMMODITIES WOULD ACCRUE TO THE VIENTIANE SIDE. SOME OF THESE COMMODITIES WILL BE FURNISHED TO PGNU MINISTRIES BUT
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THE LARGER PART WOULD BE MADE AVAILABLE TO THE PUBLIC THROUGH GOVERNMENT STORES TO BE ORGANIZED OR THROUGH ESTABLISHED COMMERCIAL CHANNELS. WHEN USAID DIR REMARKED THAT SOCIALIST AID, IN GENERAL, AND SOON TO ARRIVE NORTH VIETNAMESE AID IN PARTICULAR IS POTENTIALLY AN IMPORTANT RESOURCE TO THE PGNU AND SHOULD BE CONSIDERED IN THEIR BUDGET FORMULATION AND CALCULATION OF FOREIGN EXCHANGE REQUIREMENTS, SOMPHOU AGREED. HE STATED DISCUSSIONS ARE NOW GOING ON BETWEEN MINISTRIES OF PLAN AND FINANCE HOW TO MANAGE AND CONTROL AID FROM

SOCIALIST COUNTRIES. SOMPHOU RETURNED TO THE QUESTION OF AMERICAN EXPERTS AND ASKED WHETHER U.S. EXPERTS WOULD BE AVAILABLE TO THE MINISTRIES OF FINANCE AND PLAN TO DISCUSS WITH THESE MINISTRIES HOW THE PGNU SHOULD INCLUDE SOCIALIST AID IN THEIR BUDGETARY AND FOREIGN EXCHANGE PROCESSES. USAID DIR REPLIED THAT EXPERTS ARE ALREADY AVAILABLE IN THE MINISTRIES OF PLAN AND FINANCE AND THEY MOST ASSUREDLY CAN BE UTILIZED BY THE PGNU.

7. SOMPHOU SUGGESTED THAT AFTER RETURN OF MINISTER OF PLAN AND NATIONAL ECONOMY, HE, SOTH AND USAID DIR SHOULD GET TOGETHER TO DISCUSS THE ECONOMIC AND FINANCIAL PROCEDURES THE PGNU SHOULD FOLLOW TO OBTAIN MAXIMUM ADVANTAGE FROM THE AID TO BE RECEIVED FROM SOCIALIST COUNTRIES FRIENDLY TO THE PGNU.
WHITEHOUSE

NOTE BY OC/T: #AS RECEIVED.

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